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Dated: August 7th, 2025





Whitman L. Holt  
Bankruptcy Judge

UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF WASHINGTON  
YAKIMA DIVISION

In re:

CITY OF CLE ELUM,  
Debtor.

Case No. 25-01128-WLH9

Chapter 9

ORDER GRANTING DEBTOR'S  
COMBINED MOTION TO EXPEDITE  
HEARING AND FOR ENTRY OF AN  
ORDER (1) AUTHORIZING THE  
DEBTOR TO INCUR A SECURED  
DEBT TO UMPQUA BANK AND  
(2) GRANTING RELATED RELIEF

This matter came before the court upon the Motion<sup>1</sup> [Dkt. No. 42] filed by the Debtor in the captioned case for the entry of an order authorizing the City to incur a secured debt to Umpqua Bank and granting related relief, each as set forth more fully in the Motion. The court, having reviewed the Motion and determined

<sup>1</sup> Capitalized terms used but not defined herein have the meanings ascribed to them in the Motion.  
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1 that the City has established sufficient legal and factual bases for the relief sought in  
2 the Motion, **HEREBY FINDS:**

3 A. Due and sufficient notice of the Motion in accordance with applicable  
4 Bankruptcy Rules and Local Rules was given to parties in interest such that no  
5 further notice is required.

6 B. The City has established cause pursuant to Local Bankruptcy Rule  
7 2002-1(c)(2) to reduce the notice and objection period for the relief sought in the  
8 Motion.

9 C. Additional notice requirements beyond those imposed by this Order  
10 would unduly burden the Debtor.

11 D. Approval of the Credit Agreement is in the best interests of the City.

12 E. As of the date hereof, no committee of unsecured creditors has been  
13 appointed.

14 F. The court may enter the relief sought in the Motion without altering,  
15 limiting, or otherwise impairing the City's rights under Section 904 of the  
16 Bankruptcy Code to be free from court-imposed restrictions on the use and  
17 enjoyment of its assets as well as the free exercise of its political authority arising  
18 under applicable Washington law.

19 G. The Bankruptcy Code's cash collateral provisions are inapplicable to  
20 this Chapter 9 debtor.

21 H. The terms and conditions of the Credit Agreement, as approved and  
22 modified by this Order, are (i) fair and reasonable; and (ii) commercially standard in  
23 all material respects.

24 I. The City has exercised its business judgment in seeking approval of the  
25 Credit Agreement.

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1 J. The City has not previously sought court approval of the Credit  
2 Agreement or any other post-petition lending.

3 K. The City's financial affairs would be unduly interrupted if the Motion  
4 were denied or the court were to refuse to adjudicate the Motion on an expedited  
5 basis.

6 L. The City is not obligated to seek credit on an unsecured basis prior to  
7 seeking authorization to enter into the Credit Agreement because a municipal debtor  
8 cannot incur administrative priority debt pursuant to Section 364(b) of the  
9 Bankruptcy Code.

10 **HAVING MADE THE FOREGOING FINDINGS OF FACT, IT IS HEREBY**  
11 **ORDERED:**

12 1. The Motion [Dkt. No. 42] is GRANTED in its entirety.

13 2. All objections to the Motion are overruled on the merits to the extent  
14 that they have not been withdrawn or otherwise resolved.

15 3. To the extent necessary, the Debtor is authorized immediately to  
16 undertake all actions authorized, implicitly contemplated by the Motion, or  
17 otherwise necessary or appropriate to effectuate this Order.

18 4. The Credit Agreement is approved, and the City may execute and  
19 deliver the Credit Agreement to Umpqua.

20 5. Promptly upon (i) the satisfaction of the Credit Agreement's conditions  
21 precedent set forth in the Motion and (ii) the remittance or designation of the  
22 Umpqua Deposit by the City, Umpqua must cause a reasonable number of  
23 commercial cards and commercial accounts to be issued to the City and for the City's  
24 credit limit to be allocated between and among those lines as the City directs;  
25 provided, however, that (a) Umpqua is not obligated to issue an aggregate credit  
26 limit greater than the Umpqua Deposit; (b) Umpqua may not require the City to use

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1 fewer lines and cards than it customarily used prior to the Petition Date; and (c) the  
2 City may from time to time reallocate its credit limits.

3 6. The revolving accounts issued to the City pursuant to this Order and the  
4 Credit Agreement shall be secured by a first priority security interest in favor of  
5 Umpqua in the Blocked Account, which shall be automatically perfected without  
6 further filing upon entry of this Order.

7 7. If the City determines that it needs a higher credit limit than that secured  
8 by the initial Umpqua Deposit, then the City may deposit additional unencumbered  
9 funds into the Blocked Account which, without further order of the court, shall (i) be  
10 collateralized by the Assignment Agreement to the same validity and extent that  
11 Umpqua has perfected its rights in the initial Umpqua Deposit; (ii) be subject to the  
12 terms and conditions of the Credit Agreement in all respects; and (iii) subject to  
13 Umpqua's credit review and approval, increase the City's aggregate credit limit by  
14 the amount so deposited; provided, however, that this Paragraph permits the City to  
15 deposit into the Blocked Account no more than an additional \$100,000.00 and  
16 obligates Umpqua to increase the credit limit under the Credit Agreement to an  
17 amount not to exceed \$150,000 in the aggregate.

18 8. Nothing in this Order waives, alters, or limits the City's rights under  
19 the Bankruptcy Code, including, for the avoidance of doubt, the City's rights under  
20 Section 904 of the Bankruptcy Code to be free from court-imposed restrictions on  
21 the use and enjoyment of its assets as well as the free exercise of its political  
22 authority arising under applicable Washington law.

23 9. The approval of the Credit Agreement does not prejudice the City's  
24 (i) ability to incur unsecured debt without court approval; or (ii) right to seek  
25 approval of additional credit agreements pursuant to applicable subsections of  
26 Section 364 of the Bankruptcy Code, provided, however, so long as the Credit

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1 Agreement has not been terminated and any obligations thereunder remain  
2 outstanding, the City may not seek or obtain a priming lien in the Blocked Account  
3 in favor of any person other than Umpqua.

4 10. Nothing in this Order or the Credit Agreement:

5 a. encumbers any of the City's avoidance actions and powers, whether  
6 arising under applicable provision of Chapter 5 of the Bankruptcy  
7 Code or otherwise;

8 b. permits Umpqua (or, as applicable, its successors, assigns,  
9 designees, affiliates, and agents) to take any act which violates the  
10 automatic stay afforded the City by the commencement of the Case;  
11 or

12 c. entitles Umpqua to, or prejudices Umpqua Bank with respect to,  
13 adequate protection of its interests arising under the Credit  
14 Agreement.

15 11. This is a final order which may be immediately enforced.

16 12. In the event of any inconsistency (i) between the Motion and this Order,  
17 this Order governs, and (ii) between the Credit Agreement and this Order, this Order  
18 governs.

19 13. All time periods set forth in this Order are calculated in accordance with  
20 Bankruptcy Rule 9006.

21 14. This court retains jurisdiction with respect to all matters arising from or  
22 related to the implementation, interpretation, and enforcement of this Order.

23 /// END OF ORDER ///

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1 Presented by:

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